

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEB SITE AT WWW.USTR.GOV.

**FOR IMMEDIATE RELEASE
JUNE 16, 2000**

**00 -46
CONTACT: BRENDAN DALY
AMY STILWELL
TODD GLASS
(202) 395-3230**

**USTR NOTES PROGRESS ON TELECOM ISSUES IN
THE UNITED KINGDOM , GERMANY AND SOUTH AFRICA,
CITES CONTINUED NEED TO MONITOR IMPLEMENTATION**

United States Trade Representative Charlene Barshefsky announced today results of ongoing reviews under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988. In April, USTR established a June 15 deadline for further review of telecommunications services trade barriers for the United Kingdom, Germany and South Africa. "Each of these countries have shown progress in addressing the concerns we expressed in our annual review of telecommunications agreements," said Ambassador Barshefsky. "However, USTR will continue to monitor the situation closely in each country to ensure full implementation of their telecommunications trade commitments."

United Kingdom

"The United Kingdom has made significant strides towards opening its telecommunications market to competition in advanced data services that make high-speed Internet access possible," said Ambassador Barshefsky. "Although competitors continue to face delays in obtaining access to the facilities needed for these services, the UK intends to establish pro-competitive rules for this market later this year. We welcome this progress and look forward to the prompt introduction of full competition in the UK's advanced data service market."

USTR will monitor progress in introducing competition in the advanced data services market (Digital Subscriber Lines, or DSL services) until December 15, by which time the UK regulator (OFTTEL) is expected to issue regulations to promote competition in the DSL market. USTR will review these regulations to assess how they meet the goal of fully opening the advanced data services market. USTR will also monitor the UK's willingness to permit pro-competitive "line-sharing," which was endorsed by the European Commission earlier this year. "Line-sharing" permits subscribers to use a single line for both voice and high-speed Internet access.

Germany

“Germany has taken helpful steps to address the persistent problem of Deutsche Telekom's backlog in processing interconnection requests,” stated Ambassador Barshefsky. “Without timely interconnection, competition cannot take root. We urge the German government to re-double its efforts to ensure that Deutsche Telekom quickly reduces its remaining interconnection backlog.”

USTR will continue to monitor progress in this and other key areas affecting the competitive environment that are relevant to Germany's WTO commitments. Germany is also expected to take action this year to reduce excessive licensing fees, which the European Commission has recognized as an impediment to competitive market entry.

South Africa

“We are pleased that South Africa's monopoly telecommunications supplier, Telkom, has agreed to restore access to its network for value-added services, as required by South Africa's WTO commitments,” said Ambassador Barshefsky. “Nevertheless, we remain concerned that Telkom may seek to impose WTO-inconsistent restrictions on its value-added services competitors. We urge the South African government to ensure that businesses and consumers enjoy a truly competitive value-added services market. We will continue to monitor the situation in South Africa closely to ensure that Telkom's competitors are able to offer the full range telecommunications services consistent with South Africa's WTO commitments.”

Telkom took a step forward by agreeing that value-added service suppliers can lease Telkom's circuits to offer value-added services on a “shared basis,” allowing them to transmit data to and from multiple customers on a single line. Refusal to permit shared use of Telkom's leased lines would have required Telkom's value-added service competitors to use the lines in an economically unsustainable manner.

Administrative proceedings are underway in South Africa to determine the scope of value-added services under South African law. “We urge the South African Government to define value-added services as expansively as possible to encompass all services covered by South Africa's WTO commitments,” said Ambassador Barshefsky.

Background

USTR released its annual review of certain foreign countries' compliance with telecommunications trade agreements under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 earlier this year. The review established a June 15 deadline for further review of Germany, South Africa and the United Kingdom; a July 28 deadline for further review of Japan and Mexico; and, an October 2 deadline for further review of Canada and Peru.